

**UNIFIED SCHOOL DISTRICT NO. 469**  
Lansing, Kansas

REGULATORY BASIS  
FINANCIAL STATEMENTS  
For the year ended June 30, 2015

And

INDEPENDENT AUDITOR'S REPORTS ON FINANCIAL STATEMENTS

...*KL*...

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**Karlin & Long, LLC**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 469  
Lansing, Kansas 66043

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 469, Lansing, Kansas as of and for the year ended June 30, 2015, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 469, Lansing, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 469, Lansing, Kansas as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 469, Lansing, Kansas as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures – agency funds schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the

*Kansas Municipal Audit and Accounting Guide.* The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with "Government Auditing Standards", we have also issued our report dated December 5, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

*Karlin & Long, LLC*

Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
December 5, 2015

USD #469 LANSING, KANSAS  
Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Funds</b>							
General	\$ -	\$ -	\$ 14,487,180	\$ 14,487,180	\$ -	\$ 711,625	\$ 711,625
Supplemental General	142,879	-	4,962,238	4,884,132	220,985	243,476	464,461
Special Purpose Funds							
Vocational Education	295,257	-	2,363	297,620	-	-	-
Special Education	1,234,950	-	3,416,453	4,452,033	199,370	10,414	209,784
Driver Education	2,222	-	14,857	3,339	13,740	-	13,740
Food Service	298,829	-	1,164,657	1,088,285	375,201	-	375,201
Capital Outlay	950,134	-	2,559,709	2,158,933	1,350,910	65,172	1,416,082
Gifts and Grants	23,316	-	10,558	-	33,874	-	33,874
Parent Education	25,665	-	71,285	70,620	26,330	-	26,330
Professional Development	3,039	-	66,961	66,961	3,039	-	3,039
KPERS Special Contribution	-	-	1,432,860	1,432,860	-	-	-
At Risk (K-12)	1,419	-	699,984	701,403	-	-	-
Bilingual	-	-	11,643	11,643	-	-	-
District Activity Funds	41,749	-	695,573	678,862	58,460	-	58,460
Textbook Rental Fund	9,031	-	133,600	50,500	92,131	-	92,131
Contingency Reserve Fund	1,419,767	-	-	-	1,419,767	-	1,419,767
Title I	-	-	171,427	171,427	-	2,287	2,287
Capital Project	-	-	54,684,786	54,684,786	-	19,133,067	19,133,067
Special Assessment	86,870	-	81,664	80,093	88,441	-	88,441
Title IIA - Teacher Quality	-	-	44,999	44,999	-	-	-
Debt Service Fund	-	-	-	-	-	-	-
Bond and Interest	3,687,963	-	4,473,553	4,758,938	3,402,578	-	3,402,578
<b>Total Reporting Entity</b>	<b>\$ 8,223,090</b>	<b>\$ -</b>	<b>\$ 89,186,350</b>	<b>\$ 90,124,614</b>	<b>\$ 7,284,826</b>	<b>\$ 20,166,041</b>	<b>\$ 27,450,867</b>
<b>Composition of Cash</b>							
Checking Accounts							\$ 4,619,012
Savings Accounts							19,133,067
Municipal Investment Pool							3,772,757
Certificates of Deposit							
Total Cash							<u>27,524,836</u>
Agency Funds per Statement 4							<u>73,969</u>
<b>Total Reporting Entity</b>							<u>\$ 27,450,867</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

USD No. 469 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.469 (b) organizations for which USD No. 469 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.469 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

**Fund Descriptions**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2015:

**Governmental Funds**

**General Fund** – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose Funds** – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes

**Bond and Interest Funds** – Used to account for the accumulation of resources for and the payments of, interest and principal and related costs, on general long-term debt.

**Capital Project Funds** – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.



UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Fiduciary Funds**

**Agency Funds** – Used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**Reimbursed Expenses**

Expenditures in the amount of \$ 121,048 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Reimbursed Expenses (Continued)**

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget and must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the year.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Budgetary Information (Continued)**

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special purpose funds:

Contingency Reserve Fund	District Activity Funds
Title I Fund	Special Assessment
Textbook Rental Fund	Title IIA Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had the following investments during 2015

Investments	Fair Value	Investment Maturities		Rating U.S
		Less than 1 year	1-2	
Kansas Municipal Investment Pool	\$ 3,772,757	\$ 3,772,757		S&P AA+ / S1+

**Concentration of Credit Risk**

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405. The Municipality's allocation of investments as of June 30, 2015.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2015.

At June 30, 2015 the government's carrying amount of deposits was \$ 23,752,079 and the bank balance was \$ 23,743,157. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$ 500,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of June 30, 2015 the Municipality had invested \$ 3,772,757 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments(Continued)**

as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

**NOTE 3 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 469 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member.

Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

**Net Pension Liability** – The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which rolled forward to June 30, 2014. As of June 30 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$1,089,536 as of June 30, 2014.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Defined Benefit Pension Plan (Continued)**

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.

**NOTE 4 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 5 – Stewardship, Compliance and Accountability**

We noted no violations of Kansas Statutes during the period under examination.

**NOTE 6 – Compensated Absences**

Vacation Leave: Full-time, 12 month classified employees are entitled to 10 days annual vacation leave per year. During the sixth year of employment through the tenth year of employment, the employee earns one additional vacation day per year for each year after five years or a maximum of 15 days per year. Teachers' vacations are regulated by their contracts.

Sick Leave: Classified employees are allowed to accumulate a maximum of six times their yearly allowance. Upon leaving employment, except when terminated, the employee is paid for up to 10 days of unused sick leave that has accumulated above the maximum amount to be carried forward. This is paid at 20% of the substitute daily rate. If no substitute rate is available, the employee is paid at 20% of their daily rate. Classified employees earn sick leave at different rates depending on their position. All teachers receive leave of 12 days at the beginning of each contract year. Additional days are granted based on the years of service in the District. Days not used may accumulate up to 95 days; however, no more than 80 days may be carried forward from the preceding year. Any liability for absences is considered immaterial by management.

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Interfund Transactions**

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A 72-6428	\$ 2,839,176
General Fund	At Risk (K-12) Fund	K.S.A 72-6428	460,000
General Fund	Bilingual Education Fund	K.S.A 72-6428	11,643
Supplemental General Fund	At Risk (K-12) Fund	K.S.A 72-6425	239,894
Supplemental General Fund	Parent Education Fund	K.S.A 72-6425	35,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6425	66,961

**NOTE 8 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 9 – Contingencies**

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2015.



UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – Subsequent Events**

Subsequent events for management's review have been evaluated through December 5, 2015. The date in the prior sentence is the date the financial statements were available to be issued

**NOTE 11 – In Substance Receipt in Transit**

The District received \$1,027,789 subsequent to June 30, 2015 and as required by K.S.A 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

**NOTE 12 – Capital Projects**

In May of 2013, the Board of the District approved construction of facilities for the High School and Middle School in the amount of \$ 73,034,799.

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
Capital Project	\$ 54,348,828	\$ 73,034,799

**NOTE 13 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2015, the statutory limit for the district was \$ 16,358,530 thus creating excess indebtedness of \$ 81,186,470. The outstanding bond principal represents 83.35% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation.

## NOTES TO FINANCIAL STATEMENTS

**Note 13 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2015 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2005A	3.75-5.00%	5/1/05	\$ 23,600,000	9/1/15	\$ 2,100,000	\$	\$ 1,000,000	\$ (1,000,000)	\$ 1,100,000	\$ 453,176
Series 2007A	4.00-4.25%	3/1/07	8,455,000	9/1/26	8,285,000		30,000	(30,000)	8,255,000	341,132
Series 2011	3.00%	3/1/12	8,340,000	9/1/23	8,340,000			-	8,340,000	
Series 2012	3.00-4.00%	3/1/12	78,720,000	9/1/38	78,720,000			-	78,720,000	2,934,632
Leases										
Energy lease	4.00-5.10%	11/1/02	800,000	12/1/17	265,000		60,000	(60,000)	205,000	11,881
Total Long Term Debt					<u>\$ 97,710,000</u>	<u>\$ -</u>	<u>\$ 1,090,000</u>	<u>\$ (1,090,000)</u>	<u>\$ 96,620,000</u>	<u>\$ 3,740,821</u>
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	2036-2039	Total
Principal										
General Obligation Bonds										
Series 2005A	\$ 1,100,000	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,100,000
Series 2007A	35,000	35,000	35,000	40,000	40,000	2,625,000	5,445,000			8,255,000
Series 2011		75,000	75,000	75,000	75,000	8,040,000				8,340,000
Series 2012		1,265,000	1,375,000	1,480,000	1,600,000	415,000	12,760,000	28,230,000	31,595,000	78,720,000
Capital leases:										
Energy lease	65,000	70,000	70,000							205,000
Total Principal	<u>1,200,000</u>	<u>1,445,000</u>	<u>1,555,000</u>	<u>1,595,000</u>	<u>1,715,000</u>	<u>11,080,000</u>	<u>18,205,000</u>	<u>28,230,000</u>	<u>31,595,000</u>	<u>96,620,000</u>
Interest										
General Obligation Bonds										
Series 2005A	214,463									214,463
Series 2007A	339,832	338,432	337,032	335,532	333,932	1,595,957	233,916			3,514,633
Series 2011	123,600	246,450	244,950	243,450	241,950	501,150				1,601,550
Series 2012	2,934,632	2,915,657	2,876,057	2,825,832	2,764,232	12,417,735	12,816,285	8,478,477	2,310,206	50,339,113
Capital leases:										
Energy lease	8,797	5,355	1,785	1,785						17,722
Total Interest	<u>3,621,324</u>	<u>3,505,894</u>	<u>3,459,824</u>	<u>3,406,599</u>	<u>3,340,114</u>	<u>14,514,842</u>	<u>13,050,201</u>	<u>8,478,477</u>	<u>2,310,206</u>	<u>55,687,481</u>
Total Principal and Interest	<u>\$ 4,821,324</u>	<u>\$ 4,950,894</u>	<u>\$ 5,014,824</u>	<u>\$ 5,001,599</u>	<u>\$ 5,055,114</u>	<u>\$ 25,594,842</u>	<u>\$ 31,255,201</u>	<u>\$ 36,708,477</u>	<u>\$ 33,905,206</u>	<u>\$ 152,307,481</u>

**Unified School District No. 469, Lansing, Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2015**

USD #469 LANSING, KANSAS  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
<b>General Funds</b>						
General	\$ 14,825,192	\$ (459,060)	\$ 121,048	\$ 14,487,180	\$ 14,487,180	\$ 0
Supplemental General	5,030,784	(146,652)	0	4,884,132	4,884,132	0
<b>Special Purpose Funds</b>						
Vocational Education	496,195	0	0	496,195	297,620	(198,575)
Special Education	4,453,650	0	0	4,453,650	4,452,033	(1,617)
Driver Training	20,722	0	0	20,722	3,339	(17,383)
Food Service	1,463,115	0	0	1,463,115	1,088,285	(374,830)
Capital Outlay	3,753,620	0	0	3,753,620	2,158,933	(1,594,687)
Gifts and Grants	33,316	0	0	33,316	0	(33,316)
Parent Education	100,665	0	0	100,665	70,620	(30,045)
Professional Development	73,226	0	0	73,226	66,961	(6,265)
KPERS Special Contribution	1,857,086	0	0	1,857,086	1,432,860	(424,226)
At-Risk Fund	701,403	0	0	701,403	701,403	0
Bilingual	15,000	0	0	15,000	11,643	(3,357)
<b>Debt Service Funds</b>						
Bond and Interest	4,759,038	0	0	4,759,038	4,758,938	(100)

USD #469 LANSING, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax	281		281
RV tax			0
Mineral production tax	22		22
Federal grants			0
State aid/grants	14,365,829	14,825,192	(459,363)
Charges for services			0
Interest income			0
Miscellaneous revenues	121,048		121,048
Operating transfers			0
	<u>14,487,180</u>	<u>14,825,192</u>	<u>(338,012)</u>
<b>EXPENDITURES</b>			
Instruction	8,114,262	7,849,142	265,120
Student support services	631,529	614,000	17,529
Instruction support staff	413,963	411,200	2,763
General administration	486,504	448,500	38,004
School administration	869,930	1,020,400	(150,470)
Operations and maintenance	26,013	173,400	(147,387)
Student transportation services	562,742	435,550	127,192
Central support services	71,418	69,300	2,118
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	3,310,819	3,803,700	(492,881)
Adjustment to comply with legal max		(459,060)	459,060
Adjustment for qualifying budget credits		121,048	(121,048)
	<u>14,487,180</u>	<u>\$ 14,487,180</u>	<u>\$ 0</u>
<b>Total Expenditures</b>			
	<u>14,487,180</u>	<u>\$ 14,487,180</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

USD #469 LANSING, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,813,430	\$ 1,773,563	\$ 39,867
Delinquent tax	27,388	55,190	(27,802)
Motor vehicle tax	301,490	268,216	33,274
RV tax	3,495	3,102	393
Mineral production tax			0
Federal grants			0
State aid/grants	2,816,435	3,053,686	(237,251)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>4,962,238</u>	<u>5,153,757</u>	<u>(191,519)</u>
EXPENDITURES			
Instruction	2,457,166	1,502,784	954,382
Student support services	4,647		4,647
Instruction support staff	195,723	383,000	(187,277)
General administration	452,740		452,740
School administration	221,096		221,096
Operations and maintenance	1,198,451	2,845,000	(1,646,549)
Student transportation services	12,364		12,364
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	341,945	300,000	41,945
Adjustment to comply with legal max		(146,652)	146,652
Adjustment for qualifying budget credits			0
Total Expenditures	<u>4,884,132</u>	<u>\$ 4,884,132</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	78,106		
Unencumbered Cash, Beginning	142,879		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 220,985</u>		

USD #469 LANSING, KANSAS  
VOCATIONAL EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	2,363		2,363
Operating transfers		200,000	(200,000)
	<u>2,363</u>	<u>200,000</u>	<u>(197,637)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	297,620	496,195	(198,575)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>297,620</u>	<u>\$ 496,195</u>	<u>\$ (198,575)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(295,257)		
Unencumbered Cash, Beginning	295,257		
Prior Year Cancelled Encumbrances			
	<u>0</u>		
Unencumbered Cash, Ending	\$	<u>0</u>	

USD #469 LANSING, KANSAS  
SPECIAL EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	100,831	30,000	70,831
State aid/grants			0
Charges for services			0
Interest income	1,877		1,877
Miscellaneous revenues	474,569	100,000	374,569
Operating transfers	<u>2,839,176</u>	<u>3,088,700</u>	<u>(249,524)</u>
Total Cash Receipts	<u>3,416,453</u>	<u>3,218,700</u>	<u>197,753</u>
<b>EXPENDITURES</b>			
Instruction	2,956,732	4,101,735	(1,145,003)
Student support services	123,153	56,000	67,153
Instruction support staff	871,249		871,249
General administration	45,847		45,847
School administration	181,062	5,915	175,147
Operations and maintenance	108,317	145,000	(36,683)
Student transportation services	165,673	145,000	20,673
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>4,452,033</u>	<u>\$ 4,453,650</u>	<u>\$ (1,617)</u>
Receipts Over (Under) Expenditures	(1,035,580)		
Unencumbered Cash, Beginning	1,234,950		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 199,370</u>		



USD #469 LANSING, KANSAS  
 DRIVER TRAINING FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	3,255	8,500	(5,245)
Charges for services			0
Interest income			0
Miscellaneous revenues	11,602	10,000	1,602
Operating transfers			0
	<u>14,857</u>	<u>18,500</u>	<u>(3,643)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	3,339	20,722	(17,383)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>3,339</u>	<u>20,722</u>	<u>(17,383)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	11,518		
Unencumbered Cash, Beginning	2,222		
Prior Year Cancelled Encumbrances			
	<u>13,740</u>		
Unencumbered Cash, Ending			

USD #469 LANSING, KANSAS  
 FOOD SERVICE FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	512,656	474,445	38,211
State aid/grants	13,420	11,179	2,241
Charges for services	637,304	655,953	(18,649)
Interest income	1,277		1,277
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,164,657</u>	<u>1,141,577</u>	<u>23,080</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	13,397	55,000	(41,603)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	1,074,888	1,408,115	(333,227)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,088,285</u>	<u>\$ 1,463,115</u>	<u>\$ (374,830)</u>
Receipts Over (Under) Expenditures	76,372		
Unencumbered Cash, Beginning	298,829		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 375,201</u>		

USD #469 LANSING, KANSAS  
 CAPITAL OUTLAY FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 463,352	\$ 406,242	\$ 57,110
Delinquent tax	5,902	12,015	(6,113)
Motor vehicle tax	65,604	59,270	6,334
RV tax	761	685	76
Mineral production tax			0
Federal grants			0
State aid/grants	140,111	219,710	(79,599)
Charges for services			0
Interest income	63	50,000	(49,937)
Miscellaneous revenues	1,883,916	2,110,749	(226,833)
Operating transfers			0
<b>Total Cash Receipts</b>	<u>2,559,709</u>	<u>2,858,671</u>	<u>(298,962)</u>
<b>EXPENDITURES</b>			
Instruction	202,721	1,000,000	(797,279)
Student support services	7,815	500,000	(492,185)
Instruction support staff	554,671	1,100,000	(545,329)
General administration	45,306	100,000	(54,694)
School administration		100,000	(100,000)
Operations and maintenance	1,048,354	343,620	704,734
Student transportation services	13,666	50,000	(36,334)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	286,400	530,000	(243,600)
Debt service		30,000	(30,000)
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>2,158,933</u>	<u>\$ 3,753,620</u>	<u>\$ (1,594,687)</u>
Receipts Over (Under) Expenditures	400,776		
Unencumbered Cash, Beginning	950,134		
Prior Year Cancelled Encumbrances			
<b>Unencumbered Cash, Ending</b>	<u>\$ 1,350,910</u>		

USD #469 LANSING, KANSAS  
 GIFTS AND GRANTS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	10,558	10,000	558
Operating transfers			0
	<u>10,558</u>	<u>10,000</u>	<u>558</u>
Total Cash Receipts			
EXPENDITURES			
Instruction		33,316	(33,316)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>33,316</u>	<u>(33,316)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	10,558		
Unencumbered Cash, Beginning	23,316		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 33,874</u>		

USD #469 LANSING, KANSAS  
PARENT EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants		35,000	(35,000)
State aid/grants	36,285	10,000	26,285
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>35,000</u>	<u>30,000</u>	<u>5,000</u>
Total Cash Receipts	<u>71,285</u>	<u>75,000</u>	<u>(3,715)</u>
EXPENDITURES			
Instruction			0
Student support services	70,620	100,665	(30,045)
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>70,620</u>	<u>\$ 100,665</u>	<u>\$ (30,045)</u>
Receipts Over (Under) Expenditures	665		
Unencumbered Cash, Beginning	25,665		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 26,330</u>		

USD #469 LANSING, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>66,961</u>	<u>70,000</u>	<u>(3,039)</u>
Total Cash Receipts	<u>66,961</u>	<u>70,000</u>	<u>(3,039)</u>
<b>EXPENDITURES</b>			
Instruction	66,961	73,226	(6,265)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>66,961</u>	<u>\$ 73,226</u>	<u>\$ (6,265)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	3,039		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 3,039</u>		

USD #469 LANSING, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	1,432,860	1,857,086	(424,226)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,432,860</u>	<u>1,857,086</u>	<u>(424,226)</u>
<b>EXPENDITURES</b>			
Instruction	1,078,346	1,857,086	(778,740)
Student support services	87,480		87,480
Instruction support staff	26,700		26,700
General administration	21,900		21,900
School administration	67,560		67,560
Operations and maintenance	82,200		82,200
Student transportation services	29,400		29,400
Central support services	3,950		3,950
Other support services			0
Food service operations	35,324		35,324
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>1,432,860</u>	<u>\$ 1,857,086</u>	<u>\$ (424,226)</u>
<b>Total Expenditures</b>	<u>1,432,860</u>	<u>\$ 1,857,086</u>	<u>\$ (424,226)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note - Pass through fund for KPERS payments not subject to the budget law.

USD #469 LANSING, KANSAS  
 BILINGUAL EDUCATION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>11,643</u>	<u>15,000</u>	<u>(3,357)</u>
Total Cash Receipts	<u>11,643</u>	<u>15,000</u>	<u>(3,357)</u>
<b>EXPENDITURES</b>			
Instruction	11,643	15,000	(3,357)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>11,643</u>	<u>\$ 15,000</u>	<u>\$ (3,357)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		



USD #469 LANSING, KANSAS  
 AT RISK FUND (K-12)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>699,984</u>	<u>700,000</u>	<u>(16)</u>
Total Cash Receipts	<u>699,984</u>	<u>700,000</u>	<u>(16)</u>
EXPENDITURES			
Instruction	695,427	701,403	(5,976)
Student support services			0
Instruction support staff			0
General administration	5,976		5,976
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>701,403</u>	<u>\$ 701,403</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(1,419)		
Unencumbered Cash, Beginning	1,419		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #469 LANSING, KANSAS  
 BOND AND INTEREST FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 2,113,780	\$ 1,849,524	\$ 264,256
Delinquent tax	22,148	56,723	(34,575)
Motor vehicle tax	198,369	172,498	25,871
RV tax	2,408	1,996	412
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services	2,136,848	2,189,157	(52,309)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
 Total Cash Receipts	 <u>4,473,553</u>	 <u>4,269,898</u>	 <u>203,655</u>
 <b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	4,758,938	4,759,038	(100)
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
 Total Expenditures	 <u>4,758,938</u>	 <u>\$ 4,759,038</u>	 <u>\$ (100)</u>
 Receipts Over (Under) Expenditures	 (285,385)		
Unencumbered Cash, Beginning	3,687,963		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 3,402,578</u>		

USD #469 LANSING, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			171,427
State aid/grants			
Charges for services	133,600		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>133,600</u>	<u>0</u>	<u>171,427</u>
<b>EXPENDITURES</b>			
Instruction	50,500		171,427
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>50,500</u>	<u>0</u>	<u>171,427</u>
Receipts Over (Under) Expenditures	83,100	0	0
Unencumbered Cash, Beginning	9,031	1,419,767	0
Prior Year Cancelled Encumbrances		0	0
	<u>92,131</u>	<u>1,419,767</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>92,131</u>	\$ <u>1,419,767</u>	\$ <u>0</u>

USD #469 LANSING, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	<u>Capital Project</u>	<u>Special Assessment</u>	<u>Title IIA</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$ 67,866	\$
Delinquent tax		1,074	
Motor vehicle tax		12,578	
RV tax		146	
Mineral production tax			
Federal grants			44,999
State aid/grants			
Charges for services			
Interest income	195,385		
Miscellaneous revenues	54,489,401		
Operating transfers			
	<u>54,684,786</u>	<u>81,664</u>	<u>44,999</u>
<b>Total Cash Receipts</b>			
<b>EXPENDITURES</b>			
Instruction			44,999
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services	54,684,786	80,093	
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>54,684,786</u>	<u>80,093</u>	<u>44,999</u>
<b>Total Expenditures</b>			
Receipts Over (Under) Expenditures	0	1,571	0
Unencumbered Cash, Beginning	0	86,870	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>	<u>\$ 88,441</u>	<u>\$ 0</u>

USD #469 LANSING, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2015

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student activity funds:				
Lansing High School				
National Art Honor Society	\$ 1,143	\$ -	\$ -	\$ 1,143
Baseball club	1,234	6,674	6,402	1,506
Band club	46	8,139	6,830	1,355
Boosters - Band	6,955	34,355	41,310	0
Boosters - Boys soccer	5,180	6,933	12,113	-
Boosters - Girls soccer	6,555	6,131	12,686	-
Bowling club	110	14		124
Cheerleaders	2,183	29,774	31,957	-
Vocal music	18,089	9,236	27,325	-
DECA	155	35,342	32,986	2,511
Art	1,438	213	772	879
Drama	3,042	3,488	3,232	3,298
Track	1,383	9,894	8,559	2,718
Football	3,616	12,685	16,301	-
Cross Country Club	-	1,936	1,936	-
Golf	35	40		75
Boys Basketball	1,327	14,997	14,316	2,008
Lady Lion basketball	900	15,063	14,869	1,094
Leadership club	11,789	12,246	21,688	2,347
National honor society	6	855	786	75
Kay	1,719	461	585	1,595
In House training	931	-	383	548
Kayettes	2,584	9,162	9,741	2,005
FCA	5	313	314	4
Social Work	28	-	-	28
Guidance	2,038	5,318	4,582	2,774
Wrestling	2,982	6,431	9,413	-
Weights	1,490	830	2,559	(239)
Volleyball club	2,457	13,369	14,100	1,726
Tennis club	861	3,449	3,037	1,273
Lionettes	-	21,448	21,448	-
Math club	1,392	1,780	1,580	1,592
Music theatre club	284	7,683	4,115	3,852
Softball	43	3,936	2,153	1,826
Swim club - Boys	819	3,693	3,738	774
Swim club - Girls	1,126	1,196	1,220	1,102
French club	543	225	470	298
Class of 2016	601	7,654	8,255	-
Class of 2017	57	2,326	1,166	1,217
Class of 2018	-	139		139
Class of 2014	405		405	-
Class of 2015	434	985	459	960
Pen paw club	938	440	419	959
Science club	1,655			1,655
Video production	3,336	906	4,242	-
Helping Hands	-	719	186	533
Tri-M music honor society	9			9
Subtotal Lansing High School	<u>91,923</u>	<u>300,478</u>	<u>348,638</u>	<u>43,763</u>

USD #469 LANSING, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2015

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student activity funds:				
Lansing Middle School				
Band	891	1,743	1,709	925
Donations	360	-	-	360
Drama	475	557		1,032
Just say no	873	461	605	729
Math club	354	-	-	354
STUCO	1,714	2,421	3,700	435
8th grade celebration	1,103	4,950	4,629	1,424
Fundraising	-	57,455	57,455	-
Pep club	2,801	11,777	14,536	42
Builders club	-			-
Science club	847	729	695	881
Subtotal Lansing Middle School	<u>9,418</u>	<u>80,093</u>	<u>83,329</u>	<u>6,182</u>
Lansing Elementary School				
STUCO	387	41,297	20,772	20,912
LES Fitness club	742	4,776	2,869	2,649
Lansingers	447	361	345	463
Subtotal Lansing Intermediate School	<u>1,576</u>	<u>46,434</u>	<u>23,986</u>	<u>24,024</u>
Total agency funds	<u>\$ 102,917</u>	<u>\$ 427,005</u>	<u>\$ 455,953</u>	<u>\$ 73,969</u>

USD #469 LANSING, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
High School activity fund							
Athletics	\$ 25		\$ 58,792	\$ 58,817	\$ -		\$ -
District activity	(50,107)		227,687	167,860	9,720		9,720
Total High School activity fund	(50,082)	0	286,479	226,677	9,720	0	9,720
Middle School activity fund							
Athletics	8,234		15,164	19,597	3,801		3,801
District activity	12,276		65,812	59,037	19,051		19,051
Total Middle School activity fund	20,510	0	80,976	78,634	22,852	0	22,852
Subtotal Gate Receipts	(29,572)	0	367,455	305,311	32,572	0	32,572
<b>School Projects</b>							
Lansing High School							
Yearbook	39,042		33,986	73,028	-		-
Debate/Forensics	(1,768)		38,150	36,125	257		257
Band	50		3,092	3,142	-		-
Vocal Music	25		3,686	3,711	-		-
Scholar Bowl	-		2,381	2,381	-		-
Library	521				521		521
Student Activities	1,693		1,300	2,536	457		457
Textbook Rental	924		93,308	94,232	-		-
Newspaper	8,148		961	3,174	5,935		5,935
Vending Machine	54		941	388	607		607
Lansing Middle School							
Yearbook	4,209		10,444	12,700	1,953		1,953
Library	824		2,942	2,865	901		901
Lions Pantry	832		508	519	821		821
Peer Leadership	1,190			287	903		903
Vocal Music	-		5,904	5,904	-		-
Textbook Rental	-		40,637	35,727	4,910		4,910
Lansing Intermediate School							
Interest	-				-		-
Lansing Elementary School							
Library	300		485	199	586		586
Field trips	2,917		45,011	43,247	4,681		4,681
Textbook Rental	11,024		44,307	53,209	2,122		2,122
Recycling	318		54	53	319		319
Interest	1,018		21	124	915		915
Subtotal School Projects	71,321	-	328,118	373,551	25,888	-	25,888
Total District Activity Funds	\$ 41,749	\$ 0	\$ 695,573	\$ 678,862	\$ 58,460	\$ 0	\$ 58,460

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**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 469  
Lansing, Kansas 66043

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Unified School District No. 469 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise Unified School District No. 469's basic financial statements, and have issued our report thereon dated December 5, 2015. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unmodified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 469's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 469's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A



*significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 469's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Karlin & Long, LLC  
Certified Public Accountants

December 5, 2015

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**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 469  
Lansing, Kansas 66043

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Unified School District No. 469, Lansing, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 469, Lansing, Kansas' major federal programs for the year ended June 30, 2015. Unified School District No. 469, Lansing, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Unified School District No. 469, Lansing, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide* the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 469, Lansing, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 469, Lansing, Kansas' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Unified School District No. 469, Lansing, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.


### ***Report on Internal Control Over Compliance***

Management of Unified School District No. 469, Lansing, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 469, Lansing, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 469, Lansing, Kansas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Karlin & Long, LLC". The signature is stylized and cursive.

Karlin & Long, LLC  
Certified Public Accountants

December 5, 2015

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
<hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 171,427
EHC Flo-Thru	84.027	*	675,366
EC Flo-Thru	84.173	*	19,875
Title II - Teacher Quality	84.367	*	44,999
<hr/>			
U.S. Department of Agriculture			
<hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast	10.553	*	78,339
National School Lunch Program	10.555	*	434,317
<hr/>			
Total Federal Assistance			<u><u>\$ 1,424,323</u></u>

\* Not available

UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2015

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #469 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unmodified Opinion on the financial statements in accordance with the regulatory basis.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Unified School District #469 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Unified School District #469 expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relating to major programs that were required to be reported in accordance with Section 510 (a) of OMB Circular A-133 in this schedule.
7. The programs tested as major programs included:  
Department of Education: Food Service Cluster CFDA No. 10.553 and 10.555 and EHC Flo-Thru CFDA No. 84.027

Unified School District #469 was determined not to be a low-risk auditee.

The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit

None

UNFIED SCHOOL DISTRICT NO. 469  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

**2014-001 Financial Reporting**

***Criteria*** – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e., external financial reporting).

***Condition*** – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

***Cause*** – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

***Effect of Condition*** – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

***Recommendation*** – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

***View of Responsible Officials*** – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

***Management's Response (Unaudited)*** – The district believes that outsourcing the financial statement presentation is acceptable in the circumstances.

UNFIED SCHOOL DISTRICT NO. 469  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

**2015-001 Financial Reporting**

None



UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2015

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 469 Lansing, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 469 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

LANSING UNIFIED SCHOOL DISTRICT NO. 469  
Lansing, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2015

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 469 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Special Education Fund and the Food Service Cluster have been determined by the independent auditor to be major programs.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.